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Molycorp

October 22, 2004

Mr. Daniel Gillen
Decommissioning Branch Chief
Division of Waste Management
United States Nuclear Regulatory Commission
Mail Stop: T-7F27
Washington, DC 20555-0001

SUBJECT: REQUEST FOR LICENSE AMENDMENT, ALTERNATE DECOMMISSIONING SCHEDULE - MOLYCORP, INC., WASHINGTON SITE (LICENSE SMB-1393, DOCKET NO. 040-08794)

Dear Mr. Gillen,

As you are aware, Molycorp is continuing to move forward with the decommissioning efforts at its Washington, PA site. The recent completion of the data gaps assessment and decommissioning alternative analysis met our milestone for establishing a more sound basis for proceeding with a final engineering design for the site. This recent work also provided Molycorp with a much better sense on the level of effort and amount of time needed to accomplish the decommissioning as well as resolution of the non- radiological issues remaining at the site. It is quite apparent that the current schedule will need to be changed to reflect the anticipated timeframes for completion of this work.

Therefore, pursuant to our letter of February 19, 2002, and our progress update letter of September 15, 2003, Molycorp is requesting an alternate decommissioning schedule for its Washington, Pennsylvania site. The current scheduled completion date will not be met, and we now anticipate that all necessary radiological excavation and final status surveys will take until the end of 2007. The following information supports this timeline and Molycorp's belief that this alternate decommissioning schedule request is in accordance with both regulations 40.42 (h)(2)(i)(1) and 40.42 (h)(2)(i)(5).

As we have recently discussed with your staff, Molycorp has found it technically difficult to decommission this site within a 24-month period as specified by 40.42 (h)(2)(i)(1). This is primarily due to the number of complexities that exist at the site. For example: the challenges associated with subsurface excavation of material containing multiple radiologic isotopes (uranium, thorium, and radium) that are in disequilibria (uranium 238 and radium 226); the heterogeneous nature of contamination; and the need to excavate below the groundwater table pose significant obstacles to completing the work within two years. These complexities, combined with the number of tasks and the overall magnitude of the decommissioning effort, leads Molycorp to believe that it is not realistically feasible to complete the project within 24 months. In addition, interaction with the Pennsylvania Department of Environmental Protection, US Army Corps of Engineers, and required NRC approval of certain submittals makes 40.42 (h)(2)(i)(5) applicable due to "regulatory requirements of other agencies" and "factors beyond the control of the licensee".

Notwithstanding the above, Molycorp is continuing to proactively move forward with the site clean-up. Between the 3rd Quarter 2003 and the 2nd Quarter 2004 Molycorp completed the supplemental characterization effort and incorporated the results into a conceptual level integrated site closure plan. This plan addresses remedial activities associated with both radiological and non-radiological materials. The radiological components of this plan were reviewed with the NRC staff during our September 2, 2004 meeting at NRC headquarters.

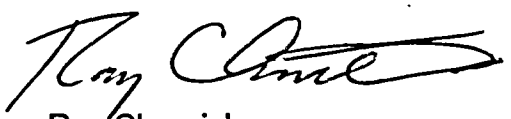
As was presented on September 2, Molycorp will complete the decommissioning using the AAR soil averaging methodology included in the approved decommissioning plan. The soil averaging method was successfully demonstrated during decommissioning at the York, Pennsylvania site. However, before work can begin, Molycorp's must first complete a final remedial design to support procurement contracts for implementation and completion of the site closure plan. This effort has already begun and is expected to be completed by June 2005. In addition to other aspects, the final design will produce a detailed water management plan for excavation activities planned below the water table. In accordance with Material License number SMB-1393 condition 15.A.3, this water management plan will specify the necessary control measures that will be needed to limit migration of radiological contamination. The plan will be submitted to NRC for their review and approval. The final design work also includes obtaining all necessary federal, state and local permits and required documents for the integrated site closure plan.

Following completion of the final design, we anticipate construction contracts to be completed with field mobilization and excavation beginning during the 3rd quarter 2005. Molycorp expects the remedial work will take two full construction years with the majority of the time devoted to remediating the radiological concerns. The cooler winter months will be set aside for remediating the manufactured gas plant tar given the physical nature of this material. These timeframes are consistent with the knowledge gained from our experiences to date at both Washington and York. After excavation activities are complete, any remaining final status surveys will be finalized and submitted to NRC.

As you know, a significant amount of work has been completed to date – disposal of ~ 15,000 yds^3 of material, demolition and disposal of all buildings and manufacturing structures, and completion of an extensive supplemental characterization effort. Molycorp is resolute in its commitment to complete decommissioning of the Washington, PA site in a safe, effective and timely manner. Much has been completed to date, and with continuing collaborative efforts between Molycorp, PADEP and the NRC the completion of the activities outlined above will be achieved.

If you have any questions regarding this submittal, please call me at 505-586-7603.

Sincerely,



Ray Cherniske
Manager, Remediation Sites

Cc:

Tom McLaughlin	USNRC
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